

Message Text

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PAGE 01 REYKJA 00306 011146Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 /033 W
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R 011110Z MAR 77
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 7067
INFO COMICEDEFOR
CINCLANT
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

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1.O. 11652: N/A
TAGS: ELAB, IC
SUBJECT: SPRING LABOR TALKS SHAPE UP AS KEY CONFRONTATION

1. AT SPECIAL CONFERENCE FEBRUARY 24-25, ICELANDIC FEDERATION OF LABOR (IFL) ANNOUNCED BASIC OBJECTIVES FOR UPCOMING GENERAL CONTRACT NEGOTIATIONS.

2. HEADING LIST WAS CALL FOR INSTITUTION OF 107,000 KRONUR (\$563) MONTHLY MINIMUM WAGE. (THERE IS CURRENTLY NO LEGAL MINIMUM WAGE IN ICELAND). AMONG OTHER DEMANDS OR PROPOSALS WERE: CLOSER LINK BETWEEN WAGES AND PRICE INDEX AS SAFE-GUARD AGAINST INFLATION; UNSPECIFIED CHANGES IN GOVERNMENT'S ECONOMIC POLICY; AND VARIOUS TAX AND PRICE REFORMS. FEDERATION SAID OTHER OBJECTIVES WOULD BE FORMULATED PRIOR TO CONTRACT TALKS WHICH WILL PROBABLY BEGIN SOMETIME IN MARCH.

3. FEDERATION ALSO URGED ALL AFFILIATES TO GIVE FORMAL NOTICE OF INTENTION TO TERMINATE EXISTING CONTRACTS AS OF SCHEDULED MAY 1, 1977 EXPIRATION DATE, THUS FULFILLING
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PAGE 02 REYKJA 00306 011146Z

LEGAL PRECONDITION FOR CALLING STRIKE SHOULD IFL CHOOSE TO DO SO.

4. COMMENT: LABOR CONTRACT NEGOTIATIONS, WITH THEIR CONSIDERABLE ECONOMIC/POLITICAL IMPLICATIONS, WILL OCCUPY CENTER STAGE IN ICELAND THIS SPRING. ORGANIZED LABOR, CLAIMING SEVERE EROSION OF WAGES AS RESULT OF

INFLATION DURING PAST THREE YEARS, HAS PLEDGED TO GO ON OFFENSIVE FOR THIS ROUND OF BARGAINING. ABILITY OF IFL TO GAIN AGREEMENT THAT ALLEVIATES RANK-AND-FILE UNHAPPINESS OVER PAY COULD GO FAR TOWARD DETERMINING WHETHER FEDERATION'S INCUMBENT MODERATE LEADERSHIP CAN CONTINUE TO STAVE OFF CHALLENGES FROM LEFTIST RADICALS (SEE REYKJAVIK'S A-1, JANUARY 6, 1977).

5. FOR ITS PART, GOVERNMENT CONTINUES TO ASSIGN TOP PRIORITY TO BRINGING INFLATION UNDER GREATER CONTROL AND IS ALREADY URGING FORBEARANCE ON LABOR AND WARNING AGAINST DISASTROUS NEW WAGE-PRICE SPIRAL. HOWEVER, WITH NATIONAL ELECTION NO MORE THAN 18 MONTHS AWAY, COALITION PARTIES WILL ALSO BE FORCED TO WEIGH FACT THAT TYPE OF SETTLEMENT MOST DESIRABLE FROM ANTI-INFLATIONARY STANDPOINT COULD FURTHER ALIENATE BULK OF COUNTRY'S WAGE EARNERS.

6. REGARDLESS OF ULTIMATE OUTCOME OF TALKS, SAME INGREDIENTS ARE PRESENT THAT PRODUCED CRIPPLING GENERAL STRIKE DURING NEGOTIATIONS A YEAR AGO BEFORE SETTLEMENT WAS REACHED.

BLAKE

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Message Attributes

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